

105TH CONGRESS
1ST SESSION

S. 405

To amend the Internal Revenue Code of 1986 to permanently extend the research credit and to allow greater opportunity to elect the alternative incremental credit.

IN THE SENATE OF THE UNITED STATES

MARCH 5, 1997

Mr. HATCH (for himself, Mr. BAUCUS, Mr. D'AMATO, Mr. ABRAHAM, Mr. BINGAMAN, Mrs. BOXER, Mr. DORGAN, Mrs. MOSELEY-BRAUN, Mrs. MURRAY, Mr. DEWINE, Mr. CONRAD, Mr. ROCKEFELLER, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to permanently extend the research credit and to allow greater opportunity to elect the alternative incremental credit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. MODIFICATIONS TO RESEARCH CREDIT.**

4 (a) CREDIT MADE PERMANENT.—

5 (1) IN GENERAL.—Section 41 of the Internal
6 Revenue Code of 1986 (relating to credit for increas-
7 ing research activities) is amended by striking sub-
8 section (h).

1 (2) CONFORMING AMENDMENT.—Paragraph (1)
 2 of section 45C(b) of such Code is amended by strik-
 3 ing subparagraph (D).

4 (b) OPPORTUNITY TO ELECT ALTERNATIVE INCRE-
 5 MENTAL CREDIT.—Subparagraph (B) of section 41(c)(4)
 6 of the Internal Revenue Code of 1986 (relating to election)
 7 is amended to read as follows:

8 “(B) ELECTION.—An election under this
 9 paragraph shall apply to the taxable year for
 10 which made and all succeeding taxable years
 11 unless revoked with the consent of the Sec-
 12 retary.”

13 (c) EFFECTIVE DATES.—

14 (1) EXTENSION.—The amendments made by
 15 subsection (a) shall apply to amounts paid or in-
 16 curred after May 31, 1997.

17 (2) ELECTION.—The amendment made by sub-
 18 section (b) shall apply to taxable years beginning
 19 after June 30, 1996.

○